

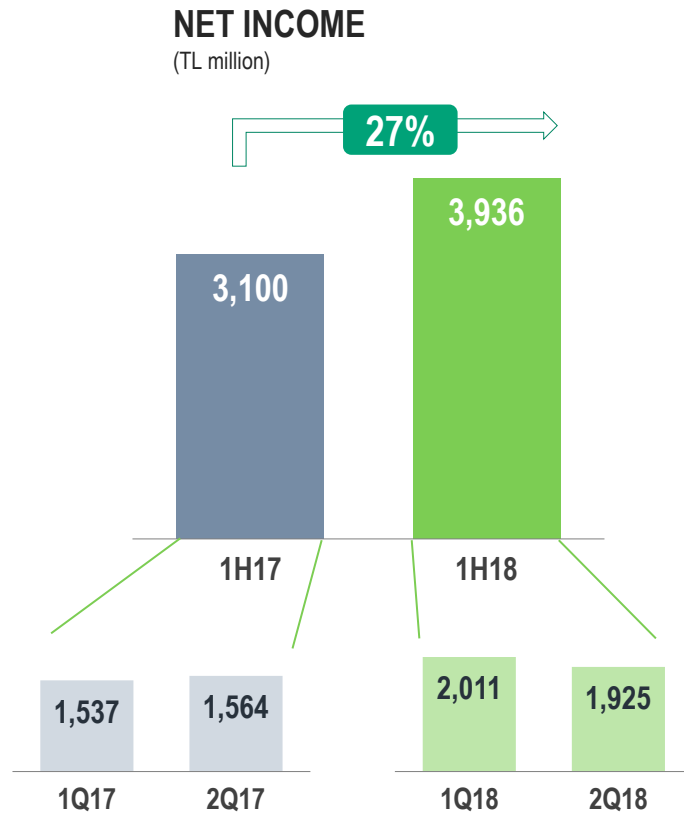


1H18 EARNINGS PRESENTATION

Based on BRSA Consolidated Financials
July 26th, 2018



SUSTAINED STRONG EARNINGS PERFORMANCE



2.1% **ROAA**
vs. 1.9% in 2017

18.1% **ROAE**
vs. 16.6% in 2017

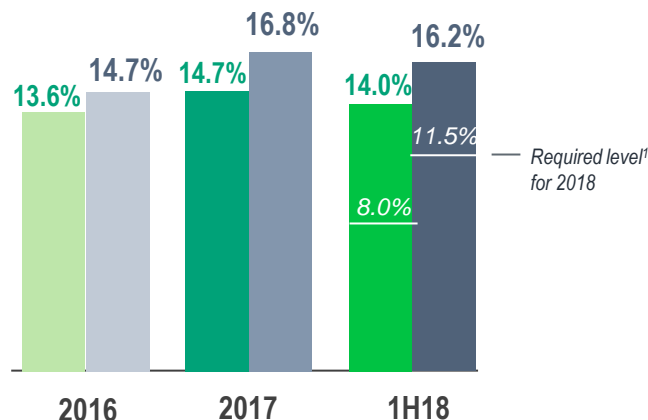
7.7x **Leverage**
vs. 7.6x in 2017

Note: In the calculation of average assets and average equity,
01.01.2018 restated balance sheet has been used instead of YE 2017

STRONG SOLVENCY & COMFORTABLE LIQUIDITY

SOLVENCY RATIOS

■ CET-1 ■ CAR



RWA / Assets

83%

78%

81%

LIQUIDITY RATIOS²

well above minimum required levels

Total LCR

149.6%

Minimum Req. for 2018

90%

FC LCR

161.7%

Minimum Req. for 2018

70%

Impacts on CAR – 1H18 vs. 2017

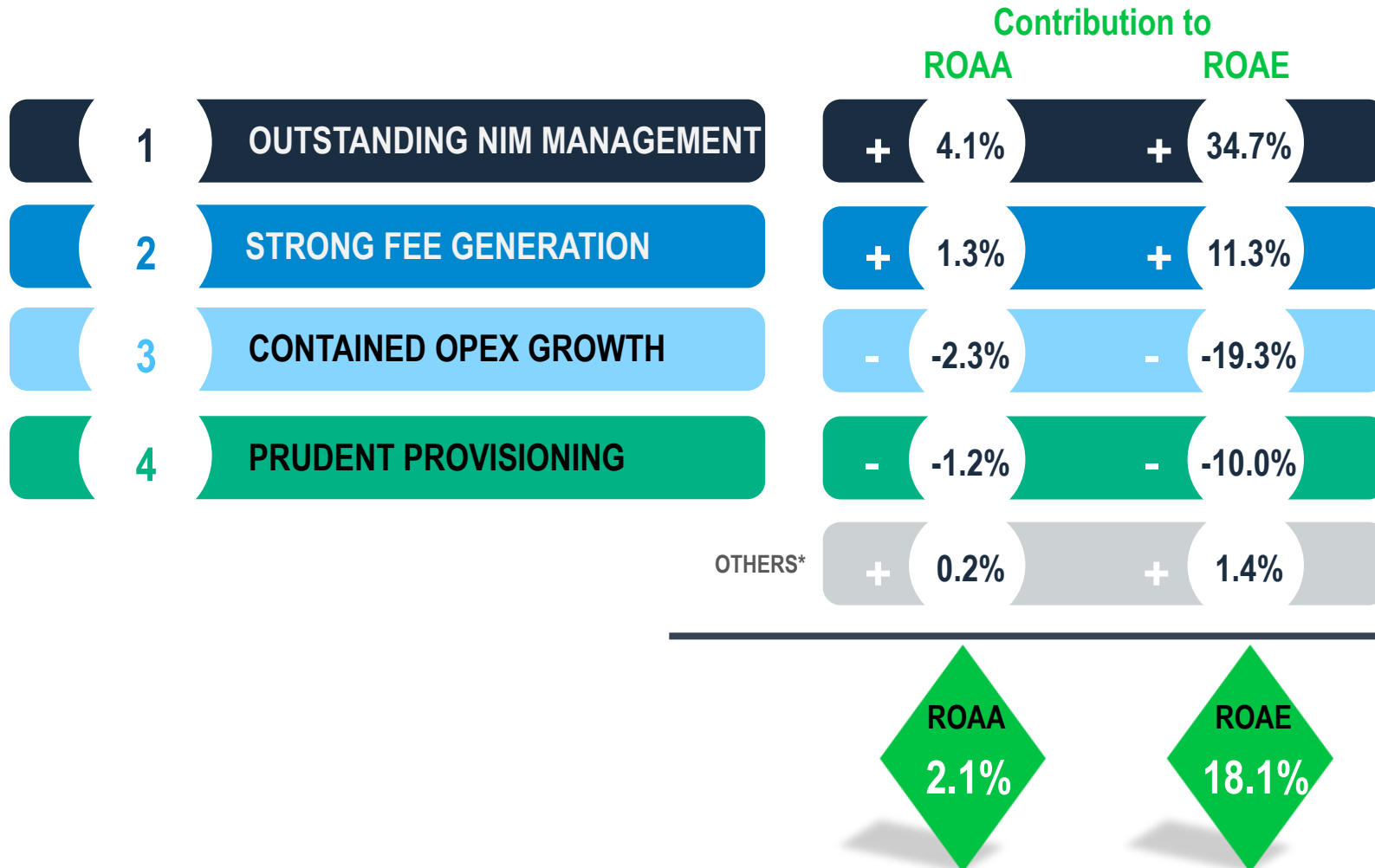


¹ Required CAR = 8.0% + SIFI Buffer for Group 3 (1.5%) + Capital Conservation Buffer (1.875%) + Counter Cyclical Buffer (0.09%)

² Representing June 2018 monthly average

* Due to annual re-calculation of operational risk, which is calculated under Basic Indicator Approach

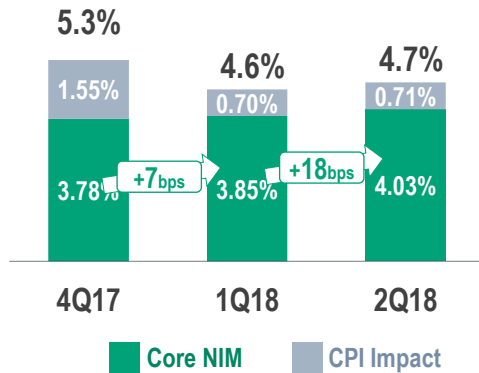
WHAT LIES BENEATH THE PERFORMANCE



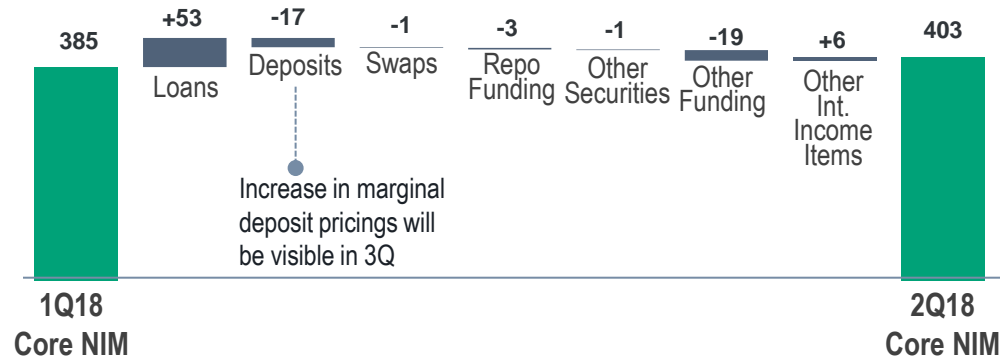
*Net trading & FX gains, other income, other provisions and taxation are included in «Others» line

CORE NIM EXPANSION

QUARTERLY NIM INCLUDING SWAP COSTS

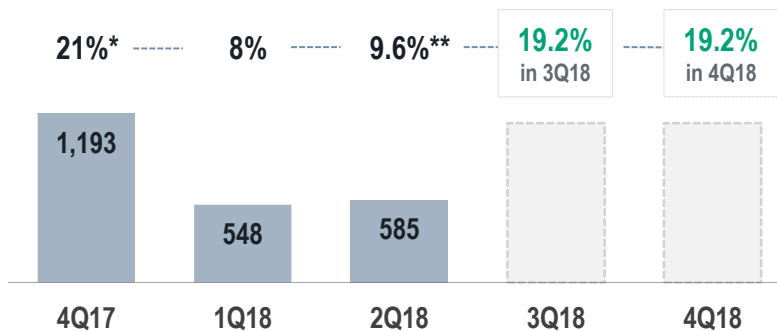


+18bps Core NIM improvement



QUARTERLY CPI LINKERS' INCOME

(TL million)



● CPI estimate used in the valuation
Based on 14% Oct-Oct CPI assumption

Impact of 1% higher CPI:
+TL180mn/yr to Net Income
~8bps impact on NIM

Note: In the calculation of average IEAs, 01.01.2018 restated balance sheet has been used instead of 2017YE.

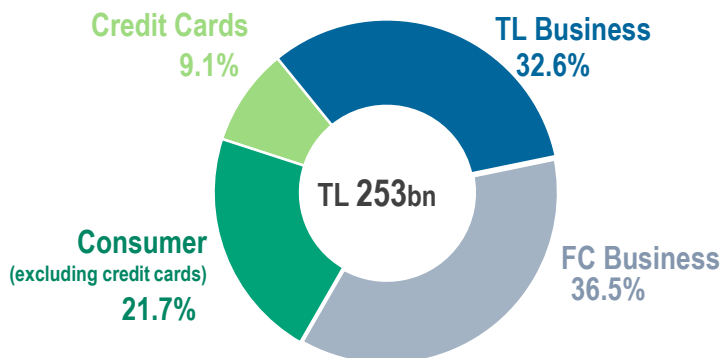
* Adjustment in annual CPI reading in the last quarter of 2017 from 9% to 11.9%

implies 20% rate for 4Q-only. ** During 2018, CPI expectation used in the valuation revised up to 9% in May and to 10% in June.

HEALTHY GROWTH SUSTAINED WITH A BALANCED LOAN MIX

LOAN BREAKDOWN

(Excluding Leasing and Factoring receivables)



TL LOAN GROWTH

↑ 5% QoQ

↑ 9% YtD

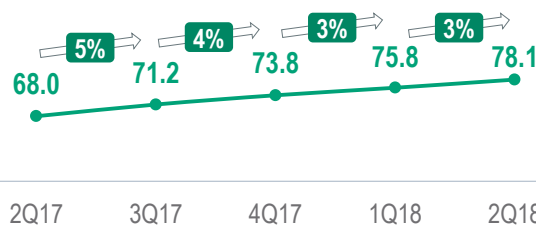
FC LOAN GROWTH (in US\$)

↓ -6% QoQ

↓ -5% YtD

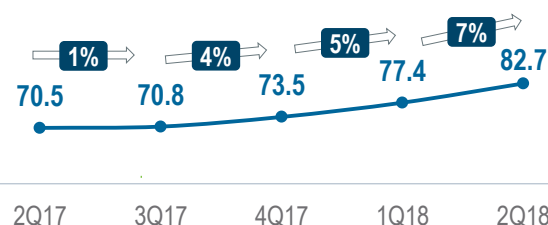
HEALTHY MARKET SHARE GAINS

▶ Consumer Loans including Credit Cards (TL billion)



- Consumer GPLs and Credit Cards were the front-runners (GPL: +5% QoQ; +10% YtD; Credit Cards: +4% QoQ; +6% YtD)
- Consumer Mortgage growth was muted in 2Q
- Rational pricing stance preserved

▶ TL Business Banking Loans (TL billion)



- Supported with Business banking & CGF loans
- Garanti's limit out of TL85bn CGF limit*: TL6.2bn as of 1H18
- CGF contribution to YtD TL Business banking loan growth: 4%

Note: Business banking loans represent total loans excluding credit cards and consumer loans

* In 2017, Sector utilized TL200bn out of TL250bn CGF guarantee limit. In February, remaining TL50bn guarantee limit has been introduced. 1/3 of the sector's limit will be used for the export-based sectors, 1/3 for investment loans including women entrepreneurs, agriculture and 1/3 for working capital needs. Additionally, in 2Q18, TL35bn of rollover limit has been extended to the sector, mostly utilized for working capital needs.

INVESTOR RELATIONS | 1H18 BRSA CONSOLIDATED EARNINGS PRESENTATION

WELL-DIVERSIFIED MIX BACKED BY LOW COST & STICKY DEPOSITS

DEPOSITS

TL DEPOSITS GROWTH

↑ 5% QoQ

↑ 9% YtD

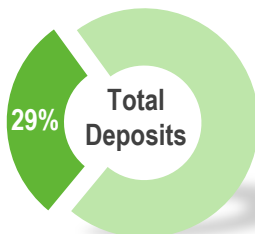
FC DEPOSITS GROWTH (in US\$)

↓ -4% QoQ

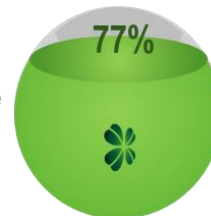
↓ -2% YtD

DEMAND DEPOSITS

Bank-only: 27% vs. sector's 22%²



SME & RETAIL DEPOSITS¹ share in TL Deposits



SWAPS

SUCCESSFUL DUAL CURRENCY BALANCE SHEET MANAGEMENT

NET SWAP FUNDING¹

TL 22bn
2Q18 avg. @11.9%

TL 23bn
1Q18 avg. @11.1%

BORROWINGS

- Total issuance in 2017 \$5.9bn of which \$2.2bn fresh
- In 1Q18, **\$125mn fresh MTN issuance** with 1-yr maturity
- In May'18, **100% syndication roll-over** (US\$457mn @Libor+1.30%; €670.5mn @Euribor+1.20%, US\$145mn @Libor+2.10%)
- In June'18, **first ever gender bond issuance** with US\$75mn w/6-yrs maturity

YTD 323bps improvement in LDR

110%

LDR
(1H18)

Loans funded via long-term on B/S alternative funding sources **ease LDR**

78%

Adj. LDR*
(1H18)

¹ Based on bank-only MIS data

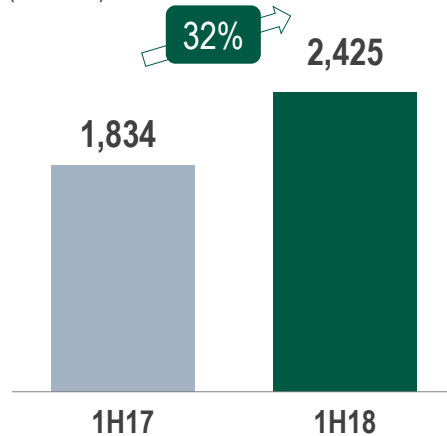
² Based on BRSA weekly data as of 29 June 2018, commercial banks only.

*Please see Appendix page 21 for details

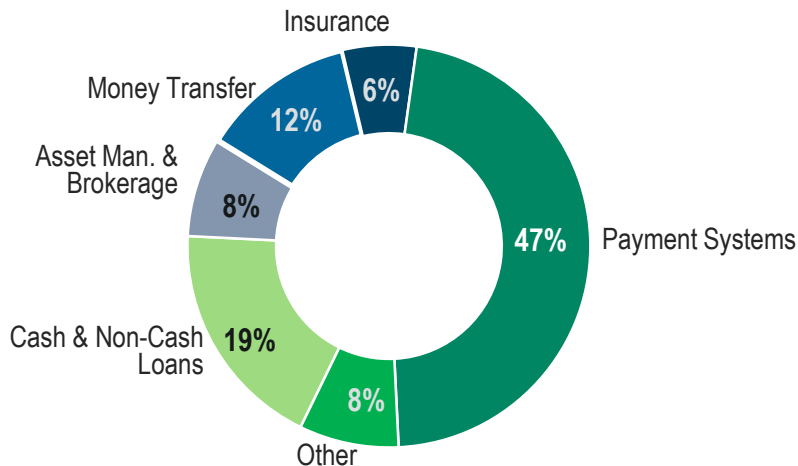
STELLAR FEE GROWTH BACKED BY DIVERSIFIED FEE SOURCES

NET FEES & COMMISSIONS

(TL million)



NET FEES & COMMISSIONS BREAKDOWN¹



¹ Insurance fee includes Private Pension & Life insurance fee income whereas it is accounted for under «other income» in consolidated financials

► Payment systems

Leading position in **issuing & acquiring** businesses
Strong **merchant network** & actively managed relations

► Money transfer

Leader in interbank money transfer: **13%** market share
Leader in swift transactions: **17%** market share

► Insurance

Leader in **number of pension participants**
Focus on **digital-only products**

► Digital Channels

Digital channels' share in non-credit linked fees: **44%**
Share of digital sales in total sales: **43%**
Leading position: **6.6mn digital customer**

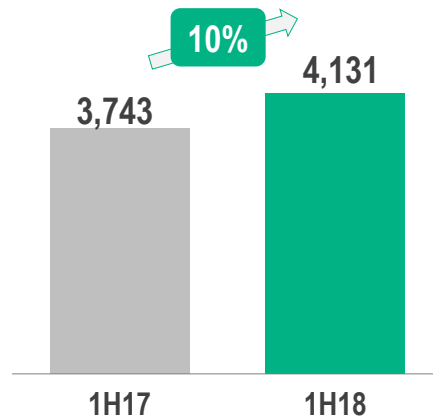
► Economic activity & growth supported brokerage, cash & non-cash loan fees

COMMITTED TO IMPROVE EFFICIENCY & OPERATIONAL EXCELLENCE

OPERATING EXPENSES

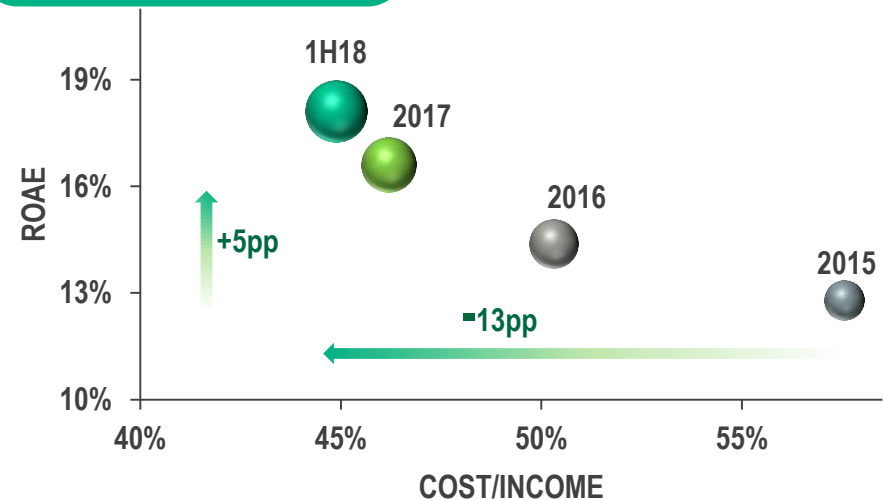
(TL Million)

Cost growth 5pp below inflation



15% of the OPEX base is FC-linked. However, bottom-line impact **minimized** through hedging activities

INCREASING EFFICIENCY



| | COST/INCOME | OPEX/ AVG. ASSETS | FEE / OPEX |
|--------------|-------------|-------------------|------------|
| Consolidated | 44.9% | 2.3% | 59% |
| Bank-only | 41.8% | 2.1% | 66% |

Note: In the Cost/Income calculation, Income defined as NII + Net F&C + Trading gains/losses

– Provision for loans – Free Provisions set aside during the year+ Other income

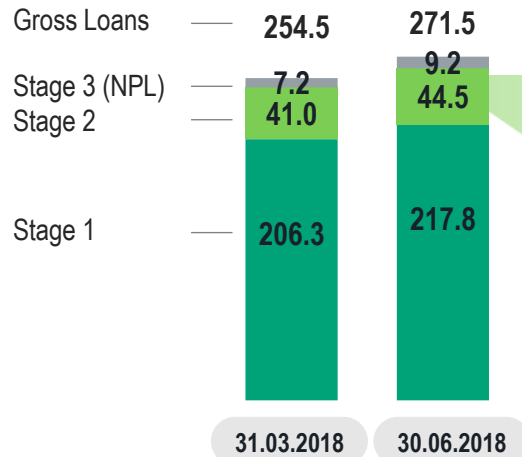
+ Income from subsidiaries.

INVESTOR RELATIONS | 1H18 BRSA CONSOLIDATED EARNINGS PRESENTATION

PRUDENTLY DEFINED IFRS 9 CRITERIA REFLECTED ON STAGING

LOAN PORTFOLIO BREAKDOWN

(Billion TL)



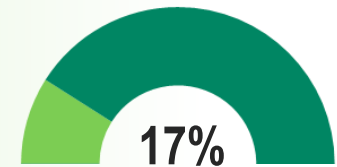
USDTRY: 3.9450 4.5637

Stage 2 Breakdown

(Billion TL)

| | | |
|--|-------|-------|
| Consolidated Stage 2 | 41.0 | 44.5 |
| Subsidiary Impact | = | = |
| Currency Impact on Unconsolidated Stage 2 ¹ | + 0.8 | + 3.4 |
| Unconsolidated Stage 2 exc. Currency Impact | 36.7 | 37.8 |

Share of Stage 2 in Performing Loans



Not comparable among banks mainly due to:



Differentiation in quantitative assessment criteria (SICR definition)



Approach difference for qualitative assessment as was the case in the past for Group 2 classification.

Currency Breakdown of Unconsolidated Stage 2

| | | 31.03.2018 | 30.06.2018 |
|---|----|------------|------------|
| SICR ² (Quantitative) | TL | 87% | 89% |
| | FX | 13% | 11% |
| Watchlist, Restructured & Past Due (Qualitative) | TL | 30% | 28% |
| | FX | 70% | 72% |

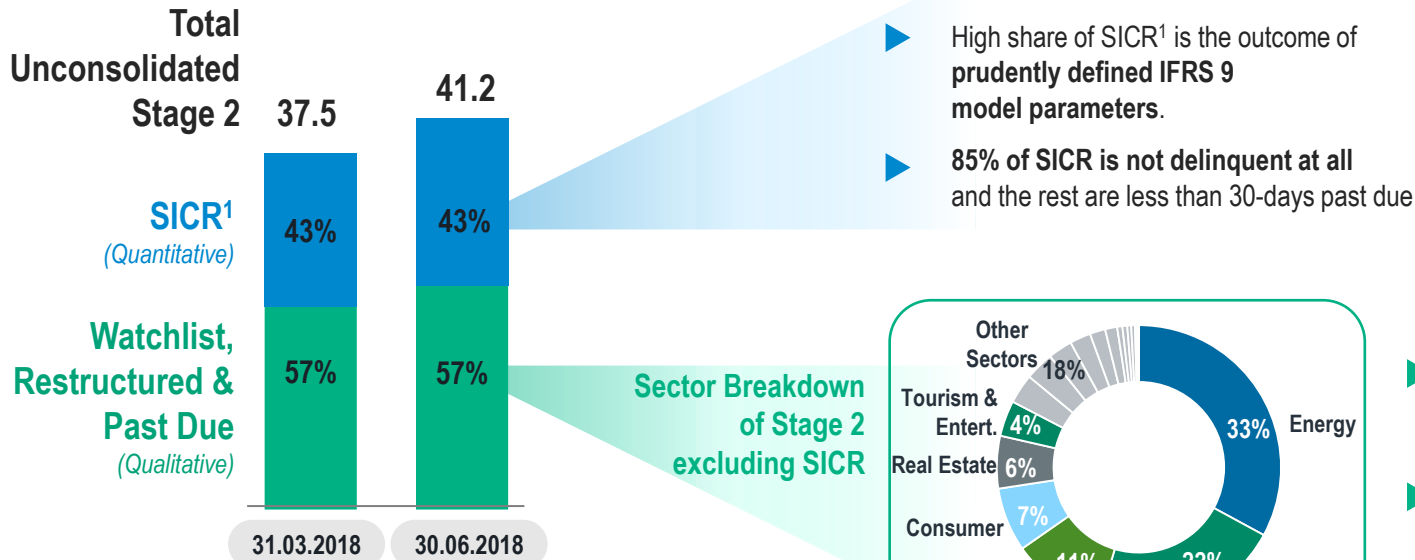
1 2017YE USDTRY currency of 3.77 is used in currency impact calculations.

2 SICR: Significant Increase in Credit Risk

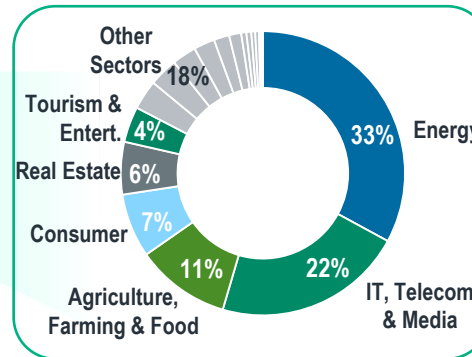
PRUDENTLY DEFINED IFRS 9 CRITERIA REFLECTED ON STAGING

UNCONSOLIDATED STAGE 2 BREAKDOWN

(Billion TL)



Sector Breakdown of Stage 2 excluding SICR



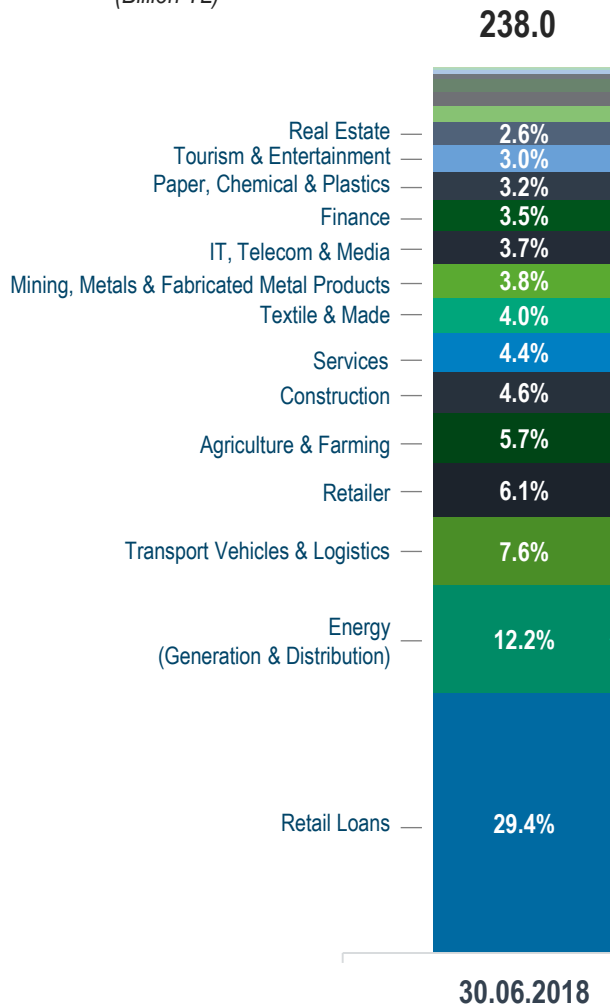
- ▶ Restructured/refinanced loans are followed under Stage 2 **for minimum 2 years or for life-time.**
- ▶ Files are moved to **Watchlist proactively** as a result of advanced risk assessments, as was our common practice in the past.

| | | |
|---------------------------------|--|------|
| Unconsolidated Stage 2 Coverage | Total Stage 2 | 9.9% |
| | SICR (Quantitative) | 3% |
| | Watchlist, Restructured & Past Due (Qualitative) | 16% |

1 SICR: Significant Increase in Credit Risk

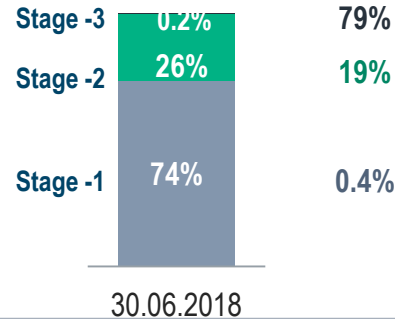
WELL-DIVERSIFIED PORTFOLIO WITH STRONG COVERAGE

SECTOR BREAKDOWN OF UNCONSOLIDATED GROSS LOANS¹ (Billion TL)



Real Estate

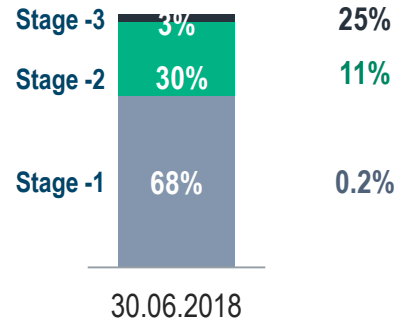
Coverage Ratio



- Selective approach to the real-estate
- Low concentration in the Residential real-estate

Energy Loans

Coverage Ratio



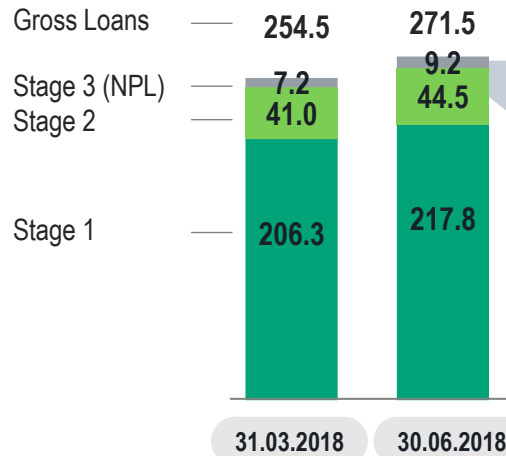
- Share of renewables: ~50%
- We have already seen the worst -- **energy sector was pressured** due to supply surplus and plunging oil prices.
- **Recovery will start** due to expected increase in oil prices and slowdown in the supply growth

¹ Based on Bank-only MIS data

NORMALIZATION IN NPL INFLOWS

LOAN PORTFOLIO BREAKDOWN

(Billion TL)



USDTRY: 3.9450 4.5637

| | | | |
|----------|----------|-------|-------|
| Coverage | Stage 3: | 67.9% | 63.1% |
| | Stage 2: | 9.5% | 9.6% |
| | Stage 1: | 0.5% | 0.5% |

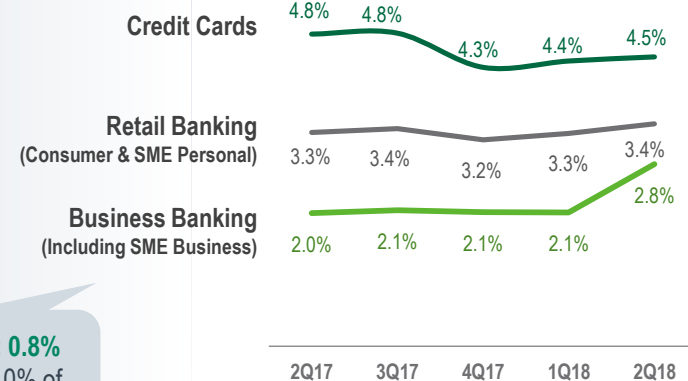
NPL Ratio

3.4% ^{16bps} Currency impact
vs.
2.8% in 1Q
2.6% in 2017YE

CGF NPL Ratio: 0.8%
(CGF loans are 10% of Business Banking loans)

NPL Breakdown¹

Bank-Only NPL ratio: 3.0%
No NPL Sale in 1H18



¹ BRSA bank-only data

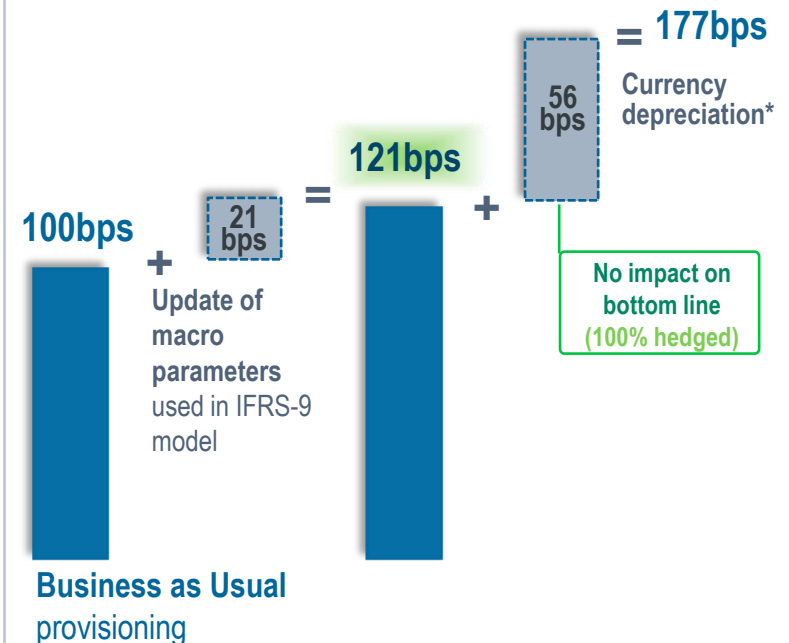
NET CoR FARING AS EXPECTED EXCLUDING PRESSURE FROM MACRO PARAMETER REVISION & CURRENCY DEPRECIATION

Cumulative Net Expected Credit Loss

(Million TL, 1H18)

| | |
|---|----------------|
| (-) Expected Credit Losses | 3,560 |
| Stage 1 | 696 |
| Stage 2 | 1,561 |
| Stage 3 | 1,303 |
| (+) Provision Reversals under other income | 1,426 |
| Stage 1 & 2 | 1,020 |
| Stage 3 | 406 |
| (=) Net Expected Credit Losses | 2,135 |
| (a) Annualized Net Expected Credit Losses | 4,305 |
| (b) Average Total Loans | 242,636 |
| Total Net CoR (a/b) | 177 bps |

Cumulative NET CoR



*Neutral impact at bottom line, as provisions due to currency depreciation are 100% hedged (FX gain included in Net trading income line).

Note: In the calculation of average total loans, 01.01.2018 restated balance sheet has been used instead of YE 2017

UPWARD REVISION IN ROAE REFLECTS HIGH RESILIENCE OF THE BUSINESS MODEL, DESPITE A SIGNIFICANT CHANGE IN MACRO SCENARIO

| | OP GUIDANCE | 1H18 REALIZATION* | REVISED 2018YE EXPECTATIONS | |
|-------------------------|---|---|--|---|
| TL Loans | ~14 - 15% | 9% ytd | <14% | ↔ |
| FC Loans (in US\$) | Flat | -5% ytd | Shrinkage | ↓ |
| NPL Ratio | ~3.0% (>TL1bn NPL sale assumed) | 3.4% | 4.0-4.5% (No NPL sale assumed) | ↓ |
| Net Cost of Risk | ~100 bps (Under macro assumptions used in initial model) | 121 bps (excl. currency impact) ¹ | ~150 bps (excl. currency impact) ¹ | ↓ |
| NIM including swap cost | Flat (excl. CPI impact) ² | +19 bps ytd (excl. CPI impact) | Flat (including CPI impact) | ↑ |
| Fee Growth (yoy) | Low-teens | +32% | > 20% | ↑ |
| Opex Growth (yoy) | <= CPI | 10% | ~10% | ↑ |
| ROAE | > 16.5% | 18.1% | > 17% | ↑ |
| ROAA | > 2.2% | 2.1% | > 2.2% | ↔ |

Better than expected trend in Net F&C, NIM and OPEX will more than offset the expected **normalization in NPL inflows and worse than assumed macro parameter changes in IFRS9 model.**

¹ Neutral impact at bottom line, as provisions due to currency depreciation are 100% hedged (FX gain included in Net trading income line).

² Initial Oct-Oct CPI reading expectation for 2018 was lower vs. 2017 CPI reading of 11.9% INVESTOR RELATIONS | 1H18 BRSA CONSOLIDATED EARNINGS PRESENTATION

APPENDIX

| | |
|--------|--|
| Pg. 17 | Summary P&L |
| Pg. 18 | Key Financial Ratios |
| Pg. 19 | Composition of Assets & Liabilities |
| Pg. 20 | Long-term Wholesale Funding |
| Pg. 21 | Adjusted L/D and Liquidity Coverage Ratios |
| Pg. 22 | Securities portfolio |
| Pg. 23 | Retail Loans |
| Pg. 24 | Quarterly Net Cost of Risk |

APPENDIX: SUMMARY P&L

| TL Million | 1H 18 | 2Q18 | 1Q18 |
|--|--------------|--------------|--------------|
| (+) Net Interest Income including Swap costs | 7,425 | 3,882 | 3,543 |
| (+) <i>NII excluding CPI linkers' income</i> | 7,466 | 3,904 | 3,563 |
| (+) <i>Income on CPI linkers</i> | 1,134 | 585 | 548 |
| (-) <i>Swap Cost</i> | -1,175 | -607 | -568 |
| (+) Net Fees & Comm. | 2,425 | 1,187 | 1,238 |
| (-) Net Expected Credit Loss | -2,135 | -1,324 | -811 |
| (-) <i>Expected Credit Loss</i> | -3,560 | -1,777 | -1,783 |
| (+) <i>Provision Reversal under other Income</i> | 1,426 | 454 | 972 |
| (-) OPEX | -4,131 | -2,088 | -2,043 |
| (-) <i>HR</i> | -1,718 | -904 | -814 |
| (-) <i>Non-HR</i> | -2,413 | -1,184 | -1,228 |
| = CORE OPERATING INCOME | 3,585 | 1,657 | 1,928 |
| (+) Net Trading & FX gains/losses | 843 | 557 | 285 |
| (+) Income on subsidiaries | 5 | 4 | 1 |
| (+) Other income | 640 | 260 | 380 |
| (+) <i>Gains from asset sale</i> | 126 | 0 | 126 |
| (+) <i>Insurance Premium</i> | 393 | 196 | 197 |
| (+) <i>Other</i> | 121 | 64 | 57 |
| (-) Taxation and other provisions | -1,137 | -554 | -583 |
| (-) <i>Other Provision</i> | -36 | -16 | -20 |
| (-) <i>Taxation</i> | -1,102 | -538 | -563 |
| = NET INCOME | 3,936 | 1,925 | 2,011 |

APPENDIX: KEY FINANCIAL RATIOS

June-18

Profitability ratios

| | |
|--------------------------------|-------|
| ROAE (Cumulative) ¹ | 18.1% |
| ROAA (Cumulative) ¹ | 2.1% |
| Cost/Income | 44.9% |
| Quarterly NIM incl. Swap costs | 4.7% |

Liquidity ratios

| | |
|---|------|
| Loans / Deposits | 110% |
| TL Loans / TL Deposits | 162% |
| Adj. Loans/Deposits (Loans adj. with on-balance sheet alternative funding sources) | 78% |
| TL Loans / (TL Deposits + TL Bonds + Merchant Payables) | 138% |
| FC Loans / FC Deposits | 73% |

Asset quality ratios

| | |
|------------------------------------|-------|
| NPL Ratio | 3.4% |
| Coverage Ratio | |
| +Stage 1 | 0.5% |
| +Stage 2 | 9.5% |
| +Stage 3 | 67.9% |
| Net Cost of Risk (bps, Cumulative) | 177 |

Solvency ratios

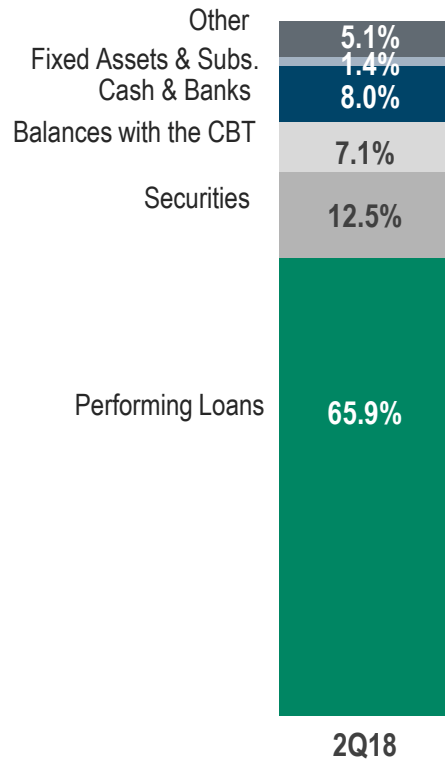
| | |
|----------------------------|-------|
| CAR | 16.2% |
| Common Equity Tier I Ratio | 14.0% |
| Leverage | 7.7x |

¹ Excludes non-recurring items when annualizing Net Income for the remaining quarters of the year in calculating Return On Average Equity (ROAE) and Return On Average Assets (ROAA).

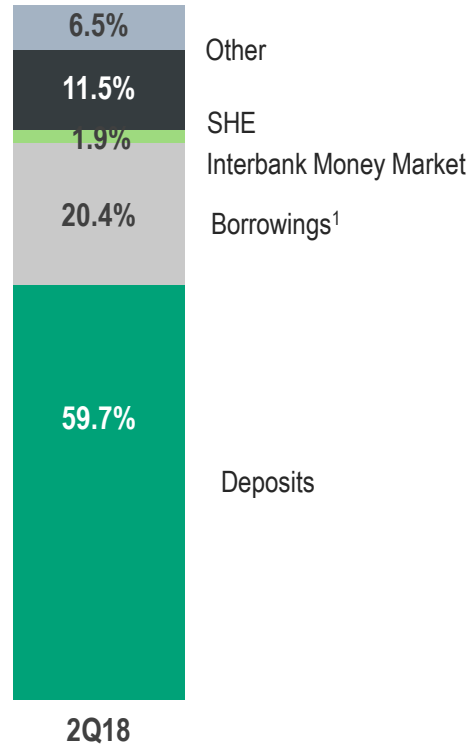
Note: In the calculation of average assets, average IEAs and average equity, 01.01.2018 restated balance sheet has been used instead of 2017YE

APPENDIX: COMPOSITION OF ASSETS & LIABILITIES

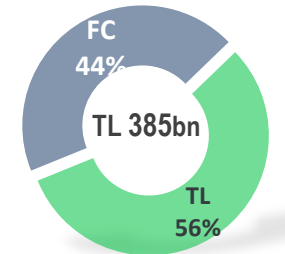
ASSETS



LIABILITIES & SHE



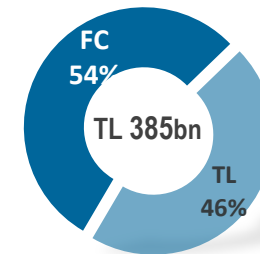
TL/FC MIX IN ASSETS



USD/TRY

4.564

TL/FC MIX IN LIABILITIES & SHE



USD/TRY

4.564

1 Includes funds borrowed, sub-debt & securities issued

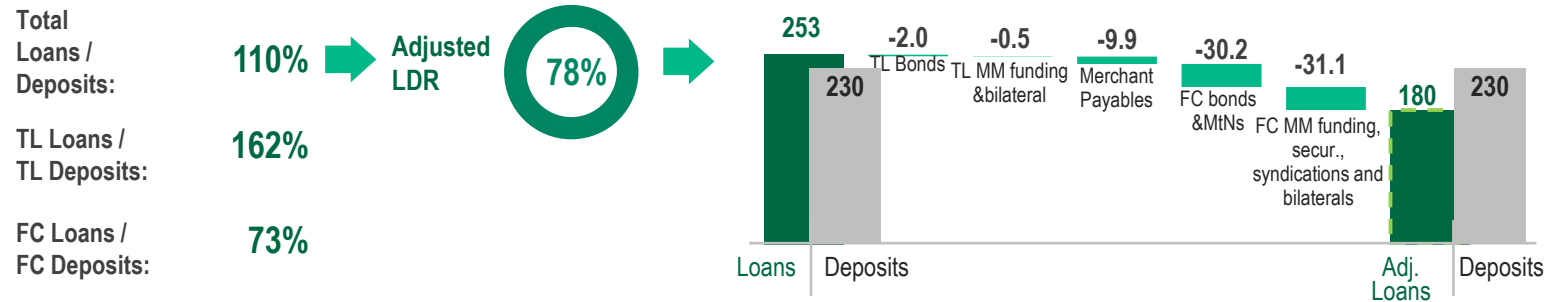
APPENDIX: LONG-TERM WHOLESALE FUNDING

**Total issuance in 2017 \$5.9 bn; of which, \$2.2 bn fresh (new liquidity raised).
In 1H18, \$200mn fresh MTN issuance**

| | | |
|------------------------------------|--|--|
| Basel III compliant Tier II | <ul style="list-style-type: none"> \$ 750mn, 10NC5 Record subscription >\$4bn 6.125%, largest deal size and lowest coupon for Turkish Tier 2 Basel III compliant bond (2Q17) | |
| Senior Unsecured | <ul style="list-style-type: none"> \$ 500mn, 6-yrs maturity @5.875% (1Q17) | |
| Covered Bond | <ul style="list-style-type: none"> TL 1,681 mn in 2017, 5-yrs avg. maturity | |
| 100% syndication roll-over | <ul style="list-style-type: none"> \$ 1.3bn equivalent: 100% rollover (4Q17) \$1.35bn equivalent: 100% rollover (2Q18) | <ul style="list-style-type: none"> \$ 457mn @ Libor+1.30% (367 days) € 670.5mn @ Euribor+1.20% (367 days) \$ 145mn @ Libor+2.10% (2 years 1 day) |
| DPR Securitization | <ul style="list-style-type: none"> \$ 725mn in 2017, 5-yrs maturity | |
| Bilateral | <ul style="list-style-type: none"> \$ 475mn in 2017, 3-yrs avg. maturity | |
| GMTN Program | <ul style="list-style-type: none"> \$ 48mn in 2017, 1-yr maturity \$ 125mn in 1Q18, 1-yr maturity \$ 75mn in 2Q18 6-yr maturity (Gender Bond - The first private sector gender bond in emerging markets and one of the firsts of its kind in the World) | |

APPENDIX: ADJUSTED LDR AND LIQUIDITY COVERAGE RATIOS

Loans funded via long-term on B/S alternative funding sources **ease LDR**



Liquidity Coverage Ratios¹ (LCR) are **well above minimum required levels**

Total LCR **149.6%**

Minimum Req. for 2018 90%

FC LCR **161.7%**

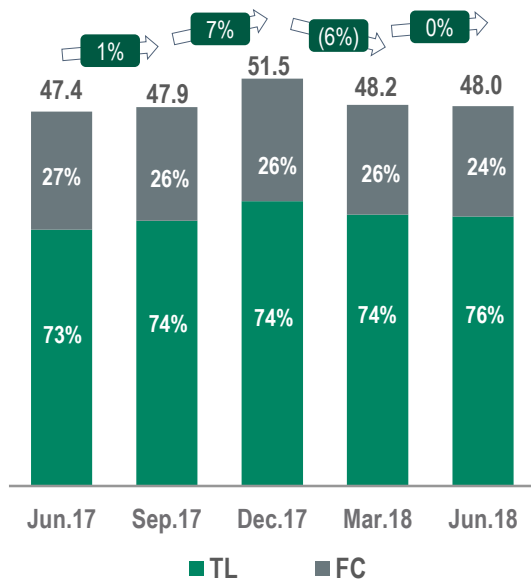
Minimum Req. for 2018 70%

¹ Representing June 2018 monthly averages

APPENDIX: SECURITIES PORTFOLIO

Total Securities (TL billion)

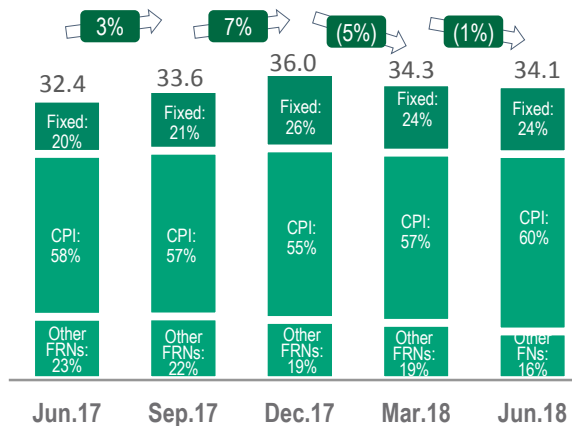
13% of Total Assets



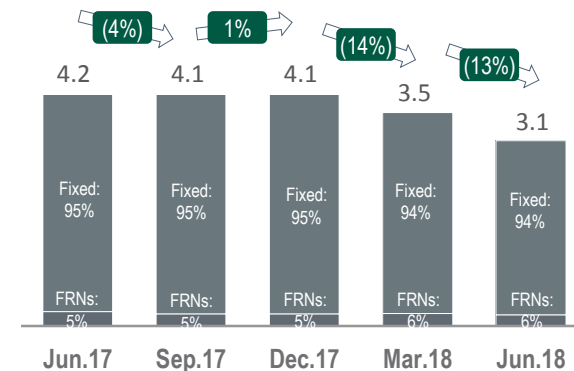
Maintained
FRN heavy portfolio



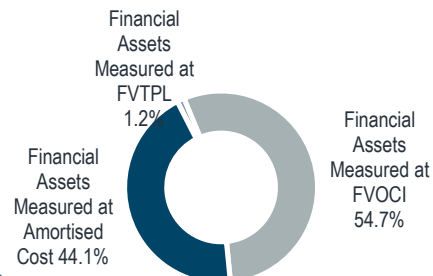
TL Securities (TL billion)



FC Securities (US\$ billion)



Securities Composition



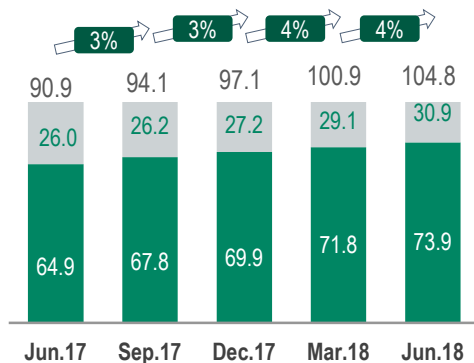
Unrealized MtM loss (pre-tax)
~TL 731mn loss as of Jun'18

APPENDIX: RETAIL LOANS

RETAIL LOANS

(TL billion)

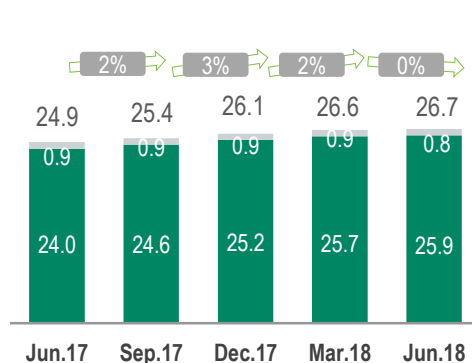
+15%
YoY



MORTGAGE LOANS

(TL billion)

+7%
YoY



Market Shares*

| | Jun'18 | QoQ | Rank |
|----------------|--------|--------|------|
| Consumer Loans | 22.4% | -1bps | #1 |
| Cons. Mortgage | 25.6% | +62bps | #1 |
| Cons. Auto | 47.3% | +83bps | #1 |
| Consumer GPLs | 18.4% | -39bps | #2 |

* Among private banks, rankings as of March 18

Pioneer in cards business

of CC
customers

14.7%²

Issuing
Volume

19.2%²

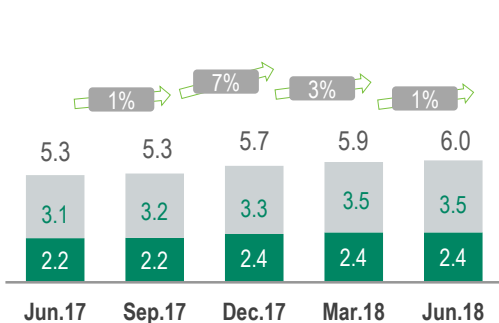
Acquiring
Volume

19.1%²

AUTO LOANS

(TL billion)

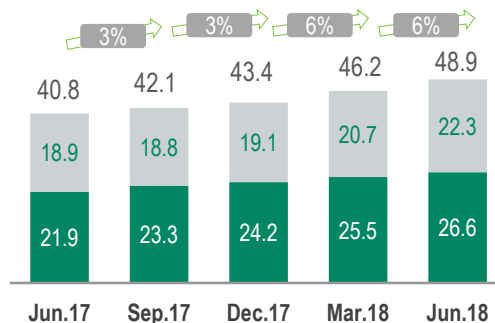
+14%
YoY



GENERAL PURPOSE LOANS¹

(TL billion)

+20%
YoY

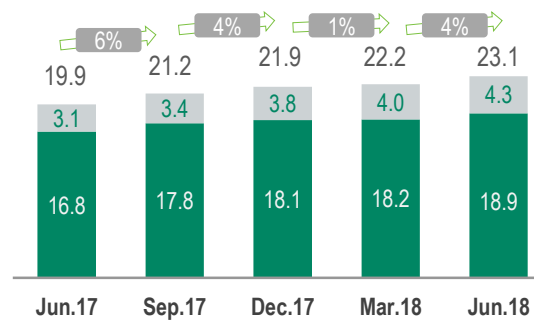


Consumer Loans Commercial Instalment Loans

CREDIT CARD BALANCES

(TL billion)

+16%
YoY



1 Including other loans and overdrafts

2 Cumulative figures as of June 2018, as per Interbank Card Center data.

Note: (i) Sector figures used in market share calculations are based on bank-only BRSA weekly data as of 29.06.2018

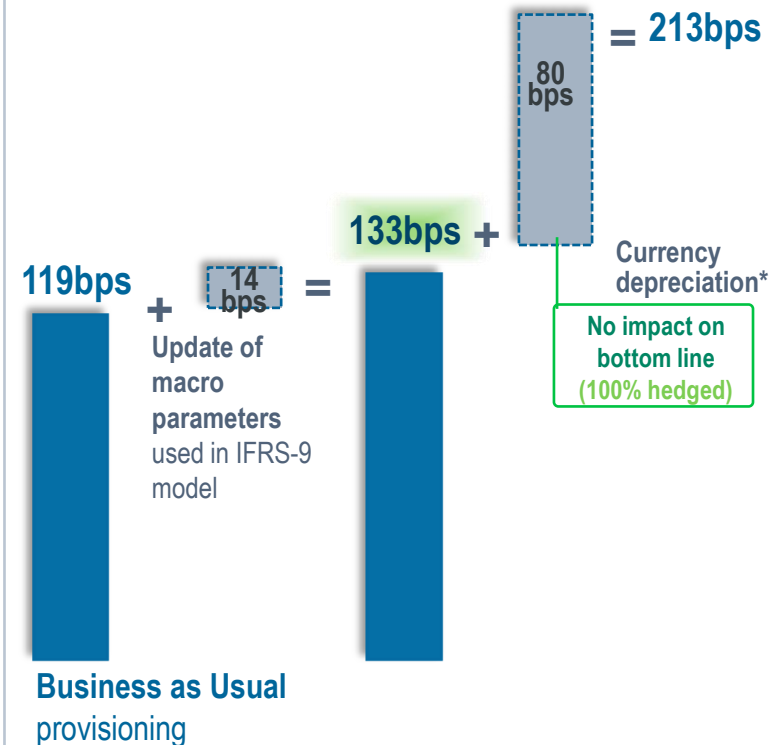
APPENDIX: QUARTERLY NET CoR

Quarterly Net Expected Credit Loss

(Million TL, 2Q18)

| | |
|---|----------------|
| (-) Expected Credit Losses | 1,778 |
| Stage 1 | 258 |
| Stage 2 | 468 |
| Stage 3 | 752 |
| (+) Provision Reversals under other income | 454 |
| Stage 1 & 2 | 277 |
| Stage 3 | 177 |
| (=) Net Expected Credit Losses | 1,324 |
| (a) Annualized Net Expected Credit Losses | 5,309 |
| (b) Average Total Loans | 248,773 |
| Total Net CoR (a/b) | 213 bps |

Quarterly NET CoR



*Neutral impact at bottom line, as provisions due to currency depreciation are 100% hedged (FX gain included in Net trading income line).

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